

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Solargiga Energy Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Solargiga Energy

Solargiga Energy Holdings Limited **陽光能源控股有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 11 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the terms of the Supplemental Agreements, the Revised Caps and the New Caps is set out on pages 12 to 13 of this circular. A letter from Celestial Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Supplemental Agreements, the Revised Caps and the New Caps is set out on pages 14 to 26 of this circular.

A notice convening the EGM to be held at McKinley Room, Pacific Place Conference Centre, 5/F., One Pacific Place, 88 Queensway, Hong Kong on Friday, 27 June 2008 at 9:30 a.m. is set out on pages 36 to 37 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit with the Company's Hong Kong branch share registrar and transfer office at Computershare Hong Kong Investor Services Limited at Rooms 1712 – 16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

12 June 2008

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	12
Letter from Celestial Capital	14
Appendix – General Information	27
Notice of Extraordinary General Meeting	36

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) that banks in Hong Kong are generally open for business
“Celestial Capital” or “Independent Financial Adviser”	Celestial Capital Limited, being licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and to advise the Independent Board Committee and the independent shareholders of the Company in respect of the Supplemental Agreements, the Revised Caps and the New Caps
“Company”	Solargiga Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be held on 27 June 2008 to approve, among other things, the Supplemental Agreements, the Revised Caps and the New Caps
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established to advise the independent shareholders of the Company on the Supplemental Agreements, the Revised Caps and the New Caps
“Independent Shareholders”	shareholders of the Company other than WWX, WWIC, Chiao Ping Hai and Hsu You Yuan and their associates

DEFINITIONS

“Latest Practicable Date”	6 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Date”	31 March 2008, on which the trading of the shares of the Company first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Caps”	has the meaning as ascribed to it in the section headed “Letter From the Board – New Caps, for the year ending 31 December 2010” of this circular
“PRC”	the People’s Republic of China
“Revised Caps”	has the meaning to ascribed to it in the section headed “Letter from the Board – Revised Caps for each of the years ending 31 December 2008 and 2009” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	means the WWX Supplemental Sale Agreement and the WWX Supplemental Supply Agreement
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“WWIC”	Wafer Works Investment Corp., a company incorporated in Samoa with limited liability, is a substantial shareholder of the Company, and an investment holding company wholly-owned by WWX

DEFINITIONS

“WWX”	Wafer Works Corp., a company incorporated in Taiwan with limited liability, and whose securities are listed on the Gre Tai Securities Market of the Taiwan Stock Exchange. WWX is a substantial shareholder of the Company and it is principally engaged in the manufacturing and sales of semiconductor wafer and related products
“WWX Group”	WWX, its subsidiaries and its associates
“WWX Sale Agreement”	the framework sale agreement dated 12 January 2008 entered into between the Company and WWX pursuant to which the Company agreed to sell, or procure its subsidiaries to sell upgraded and processed polysilicon, solar ingots and solar wafers to WWX and/or its subsidiaries from 31 March 2008 to 31 December 2009
“WWX Supplemental Sale Agreement”	the supplemental framework sale agreement dated 4 June 2008 entered into between the Company and WWX pursuant to which the Company agreed to sell, or procure its subsidiaries to sell upgraded and processed polysilicon, solar ingots and solar wafers to WWX Group to 31 December 2010
“WWX Supplemental Supply Agreement”	the supplemental framework supply agreement dated 4 June 2008 entered into between the Company and WWX pursuant to which WWX agreed to supply and/or procure its subsidiaries to supply scrap polysilicon raw material, scrap ingots and scrap wafers to the Group to 31 December 2010
“WWX Supply Agreement”	the framework supply agreement dated 12 January 2008 entered into between the Company and WWX pursuant to which WWX agreed to supply and/or procure its subsidiaries to supply scrap polysilicon raw material, scrap ingots and scrap wafers to the Group from 31 March 2008 to 31 December 2009
“%”	per cent

LETTER FROM THE BOARD



Solargiga Energy

Solargiga Energy Holdings Limited

陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

Executive Directors:

Mr. TAN Wenhua

Mr. HSU You Yuan

Ms. ZHANG Liming

Non-executive Directors:

Mr. CHIAO Ping Hai (*Chairman*)

Mr. CHONG Kin Ngai

Independent Non-executive Directors:

Mr. WONG Wing Kuen, Albert

Ms. FU Shuangye

Dr. LIN Wen

Mr. ZHANG Chun

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KYI – 1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Rooms 4001 – 06, Office Tower

Convention Plaza

1 Harbour Road

Hong Kong

12 June 2008

To the Shareholders

Dear Sir/Madam,

REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the waiver granted by the Stock Exchange from, among others, strict compliance with the announcement, reporting and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules at the time of the listing of the Company's shares on the Main Board of the Stock Exchange for the transactions under the WWX Sale Agreement and the WWX Supply Agreement.

The WWX Sale Agreement relates to the sale of upgraded and processed polysilicon, solar ingots and solar wafers ("**Solar Products**") by the Group to the WWX Group. The WWX Supply Agreement relates to the supply of scrap polysilicon raw material, scrap ingots and scrap wafers ("**Solar Raw Materials**") by WWX Group to the Group.

LETTER FROM THE BOARD

The annual caps in respect of the WWX Sale Agreement and the WWX Supply Agreement for each of the years ending 31 December 2008 and 2009 are set out in the table below.

	Existing annual caps for the year ending 31 December	
	2008 (RMB'000)	2009 (RMB'000)
Solar Products	190,692	239,815
Solar Raw Materials	87,024	102,728

THE SUPPLEMENTAL AGREEMENTS

Due to the continued high global demand for Solar Products and the expected increase in the Group's ingot production capacity with the addition of 96 pullers in June 2008 and the increase in the Group's wafer production capacity from 17 million pieces to 56 million pieces by the end of 2008, the Directors currently anticipate that the existing annual caps under the WWX Sale Agreement for each of the years ending 31 December 2008 and 2009 will not be sufficient.

Given the Group's expected increase in ingot and wafer production capacity and expected increase in demand for Solar Raw Materials, the Directors anticipate that the existing annual caps under the WWX Supply Agreement for each of the years ending 31 December 2008 and 2009 will not be sufficient.

The Company proposes to increase the existing annual caps under the WWX Sale Agreement and WWX Supply Agreement for each of the years ending 31 December 2008 and 2009 by entering into the Supplemental Agreement with WWX on 4 June 2008. The Company further proposes to extend the duration of the transactions under the WWX Sale Agreement and the WWX Supply Agreement to 31 December 2010, by entering into the Supplemental Agreements whereby new annual caps for Solar Products and Solar Raw Materials for the year ending 31 December 2010 will be set.

Like under the WWX Sale Agreement, the selling price payable by WWX to the Group under the WWX Supplemental Sale Agreement will be determined as being comparable to the prevailing market price of the Solar Products, less a bulk sales discount. The purchase price payable by the Group to WWX under the WWX Supplemental Supply Agreement will, like under the WWX Supply Agreement, be estimated based on the expected purchase amount of Solar Raw Materials and the prevailing market prices of Solar Raw Materials in the PRC, less a bulk purchase discount.

LETTER FROM THE BOARD

Principal Terms of the Supplemental Agreements

The Company has confirmed that since the execution and approval of the WWX Sale Agreement and WWX Supply Agreement (the “Agreements”), the transactions contemplated thereunder have been carried out according to the terms of these Agreements. Save for the revision to the annual caps for the years ending 31 December 2008 and 2009 and the setting of the annual caps for the year ending 31 December 2010, all other terms and conditions of the Supplemental Agreements remain unchanged. It was set out in the Supplemental Agreements that the Company and WWX have agreed that, inter alia:

- (a) each transaction under the Supplemental Agreements (the “Transaction”) will be conducted (i) in the ordinary and usual course of the business of the Group and (ii) on normal commercial terms and on terms to the Group no less favorable than terms available to or from independent third parties. The purchase price payable by WWX to the Group under the WWX Supplemental Sale Agreement will be determined with reference to the prevailing market price of the Solar Products. The purchase price payable by the Group to WWX under the WWX Supplemental Supply Agreement will be determined based on the Group’s purchase quantity of Solar Raw Materials and the prevailing market price of the Solar Raw Materials in the PRC; and
- (b) WWX will provide the Company and its auditors with full access to its relevant records during their course of review of the transactions carried out under the terms of the Supplemental Agreements (the “transactions”), for the Company to comply with the applicable laws in Hong Kong, the Listing Rules and the disclosures requirements under the Listing Rules in relation to the Transactions.

The Directors confirmed that they would also make their best endeavors to ensure that the Transactions would be entered into on terms to the Group no less favorable than terms available to or from independent third parties; and (ii) the Company will ensure that the Transactions would be reviewed by independent non-executive Directors and auditors annually.

REVISED CAPS FOR EACH OF THE YEARS ENDING 31 DECEMBER 2008 AND 2009

It is proposed that the existing annual caps under the WWX Sale Agreement and the WWX Supply Agreement for each of the years ending 31 December 2008 and 2009 be increased as set out in the table below:

	Revised annual caps for the year ending 31 December	
	2008	2009
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Solar Products	288,439	361,556
Solar Raw Materials	391,432	675,854

LETTER FROM THE BOARD

The above revised caps for each of the Solar Products and Solar Raw Materials are referred to as the “**Revised Solar Products Caps**” and “**Revised Solar Raw Materials Caps**”, respectively; and together referred to as the “**Revised Caps**”.

NEW CAPS FOR THE YEAR ENDING 31 DECEMBER 2010

It is proposed that annual caps for Solar Products and Solar Raw Materials under the WWX Supplemental Sale Agreement and the WWX Supplemental Supply Agreement for the year ending 31 December 2010 be set as listed in the table below:

	Annual caps for the year ending 31 December 2010 (RMB'000)
Solar Products	423,021
Solar Raw Materials	790,749

The above annual caps for each of the Solar Products and Solar Raw Materials are referred to as the “**New Solar Products Cap**” and “**New Solar Raw Materials Cap**”, respectively; and together referred to as the “**New Caps**”.

COMPLIANCE WITH THE LISTING RULES

As the percentage ratios applicable to the Revised Solar Products Caps and the Revised Solar Raw Materials Caps exceed 2.5% for the year ending 31 December 2008 and 2009, the Revised Solar Products Caps and the Revised Solar Raw Materials Caps are subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules, as well as approval from the Independent Shareholders in accordance with the requirements of Rule 14A.48 of the Listing Rules.

APPOINTMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Supplemental Agreements, the Revised Caps and the New Caps are fair and reasonable and in the interests of the Company and Shareholders as a whole and to advise Shareholders on how to vote at the EGM to be convened the terms of the Supplemental Agreements, the Revised Caps for each of the years ending 31 December 2008 and 2009 and the New Caps, taking into account the recommendations of the Independent Financial Adviser which is appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Agreements, the Revised Caps and the New Caps.

LETTER FROM THE BOARD

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the manufacture of monocrystalline silicon ingots and wafers and the recycling and processing of scrap polysilicon. Silicon ingots and wafers are used for the manufacturing of PV cells, which are important components of solar energy generation systems. Entry into the Supplemental Agreements is considered to be consistent with the commercial objectives of the Group and to fall within the core business of the Group.

WWX Supplemental Supply Agreement

With the historical amount for the Solar Raw Materials purchased by the Company from WWX for the four months ended 30 April 2008 at RMB74,625,780, and the expected increase in demand for Solar Raw Materials due to the Company's anticipated growth in ingot and wafer production capacity, the Company estimates that the amount of Solar Raw Materials the Group would require from WWX for the period from May to December 2008 would be RMB316,806,459, which is 4.25 times the amount purchased during the period from January to April 2008. Taking into account that the machinery for doubling the Company's production capacity will be delivered by the end of June, the increase of the sales in the remaining period of 2008 is considered reasonable.

A key reason for the Company to enter into the WWX Supplemental Supply Agreement with WWX is that the global supply situation for polysilicon, a major raw material of the Group's products has worsened. The severe global shortage has led to considerable increases in the prices of Solar Raw Materials such as polysilicon, which have made it increasingly difficult for the Company to source such materials from the market at competitive prices. Since the end of last year, the market price for polysilicon has increased substantially.

Given the increase in polysilicon prices and the increased difficulty of obtaining Solar Raw Materials supply from the market at competitive prices, the Company needs to work more closely with parties with whom the Group has established good working relationships, in order to ensure a steady supply of Solar Raw Materials. Furthermore, the Company's demand for Solar Raw Materials from WWX would exceed the existing annual caps for 2008 and 2009.

WWX, being a leading player in the semi-conductor products manufacturing industry, has been very successful in securing additional supply of Solar Raw Materials in the current difficult global supply conditions at prices significantly lower than prevailing market prices. Given the good, longstanding business relationship between WWX and the Company, and the ability of WWX to supply additional Solar Raw Materials to the Company at a significant discount to prevailing market prices, the Company believes that the extension of the Solar Raw Materials supply arrangements under the WWX Supply Agreement would be highly beneficial to, and in the interest of, the Group.

LETTER FROM THE BOARD

The Company expects the upward pressure on the pricing of Solar Raw Materials to continue unabated through 2009. As the Group's ingot production capacity is expected to double with the addition of 204 pullers by the end of 2009, the Directors expect the doubling of ingot production capacity to increase their demand for Solar Raw Materials significantly in 2009 and 2010.

In summary, the Revised Solar Raw Material Caps and the New Solar Raw Material Caps have been determined by reference to: (a) the relevant historical figures for the four months ended 30 April 2008; (b) the estimated market supply conditions and market pricing for Solar Raw Materials; (c) the estimated growth and development of the business of the Group in light of the economic growth in the PRC; and (d) the existing and planned expansion of the scale of operations and production capacity of the Group's business in the PRC.

WWX Supplemental Sale Agreement

With the historical amount for the Solar Products supplied by the Company to WWX for the four months ended 30 April 2008 at RMB72,140,331, and the anticipated growth in production capacity of the Company's ingot and wafer production capacity, the Company estimates that the amount of Solar Products the Group can supply to WWX for the period from May to December 2008 would be RMB216,299,102 which is 3 times the amount supplied from January to April 2008. Taking into account that the machinery for doubling the Company's production capacity will be delivered by the end of June, the increase of the sales in the remaining period of 2008 is considered reasonable.

Given that the market price of Solar Products have increased substantially since the end of 2007, and that the price of Solar Products are determined largely with reference to current market prices, the Company's annual caps for Solar Products would be insufficient even if the average quantity of Solar Products supplied to WWX remains unchanged.

The robust market demand for Solar Products is also a key reason for the Company to enter into the WWX Supplemental Sale Agreement. The Directors are of the view that the expected doubling of ingot production capacity in 2009, coupled with the robust market demand for Solar Products and high market prices, would increase the amount and value of Solar Products the Group can supply to WWX in 2009 and 2010.

Another key factor which the Directors take into consideration before entering into the WWX Supplemental Sale Agreement is the good credit record of WWX and the good business relationship the Group has been enjoying with WWX. In addition to WWX being a good customer of the Group, with great demand for Solar Products, the Directors consider the Solar Products sale arrangements under the WWX Supplemental Sale Agreement as being in the interest of the Group, especially when they take into account the Company's overall Solar Raw Materials and Solar Products arrangements with WWX.

LETTER FROM THE BOARD

The Revised Solar Products Caps and the New Solar Products Caps have been determined by reference to: (a) the relevant historical figures for the four months ended 30 April 2008; (b) the estimated growth and development of the business of the Group in light of the economic growth in the PRC; (c) the estimated market demand and market pricing of Solar Products; (d) estimated quantity of Solar Products to be purchased by WWX; and (e) the existing and planned expansion of the scale of operations and production capacity of the Group's business in the PRC.

The Directors (other than the independent non-executive Directors who will express their opinion in a separate letter to be included in the circular of the Company referred to above) are of the view that the terms of Supplemental Agreements will be entered into in the ordinary course of business of the Group, on normal commercial terms and will be on terms no less favorable to the Group than those obtainable from or offered to independent third parties which will be fair and reasonable and in the interests of the shareholders of the Company as a whole.

DESCRIPTION OF CONNECTED RELATIONSHIP

WWX, through WWIC, is a substantial shareholder of the Company, and it is thus regarded as a connected person of the Company under the Listing Rules. WWX is principally engaged in the manufacturing and sales of semiconductor wafer and related products.

GENERAL

The Group is a leading manufacturer of monocrystalline silicon ingots, measured in terms of production output and sales. It is engaged in the manufacture of monocrystalline silicon ingots and wafers and the recycling and processing of scrap polysilicon. Silicon ingots and wafers are used for the manufacturing of PV cells, which are important components of solar energy generation systems.

WWX is a company incorporated in Taiwan with limited liability and whose securities are listed on the Gre Tai Securities Market of the Taiwan Stock Exchange. As a company principally engaged in the manufacturing and sales of semiconductor wafer and related products, WWX has established good relationships with Solar Raw Materials suppliers and sells semiconductor wafers and related products to customers globally.

EGM

Set out on pages 36 to 37 is a notice convening the EGM to be held at Mckinley Room, Pacific Place Conference Centre, 5/F., One Pacific Place, 88 Queensway, Hong Kong on Friday, 27 June 2008 at 9:30 a.m. at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the terms of the Supplemental Agreements, Revised Caps and the New Caps. Pursuant to the requirements of the Listing Rules, the vote of the Independent Shareholders at the EGM for the approval of the terms of the Supplemental Agreements, the Revised Caps and the New Caps will be taken by poll where WWX, WWIC, Chiao Ping Hai and Hsu You Yuan and their associates will abstain from voting. Chiao Ping Hai and Hsu You Yuan are not Independent Shareholders by virtue of their shareholdings in WWX.

LETTER FROM THE BOARD

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are advised to read the notice and complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office at Computershare Hong Kong Investor Services Limited, Rooms 1712 – 16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of the Supplemental Agreements, the Revised Caps and the New Caps and the Letter from Celestial Capital on pages 14 to 26 of this circular which contains its advice and the principal factors and reasons it has taken into consideration in arriving at its advice with regard to the terms of the Supplemental Agreements, the Revised Caps and the New Caps.

You are advised to read the letter from Independent Board Committee and the Letter from Celestial Capital mentioned above before deciding as to how to vote at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the Extraordinary General Meeting.

Yours faithfully,
By order of the Board of
Solargiga Energy Holdings Limited
Hsu You-Yuan
Director



Solargiga Energy

Solargiga Energy Holdings Limited

陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

12 June 2008

To the Independent Shareholders

Dear Sir or Madam,

REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise you in connection with the terms of the Supplemental Agreements, the Revised Caps and the New Caps, details of which are set out in the “Letter from the Board” in the circular dated 12 June 2008 (the “**Circular**”) of which this letter forms part. Defined terms used in this letter shall have the same meanings as given to them in the Circular unless the context otherwise requires.

We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to you to set out our opinion in respect of the terms of the Supplemental Agreements, the Revised Caps and the New Caps. The Independent Board Committee was set up to advise you whether in its view the terms of the Supplemental Agreements, the Revised Caps and the New Caps are in the interests of the Company and the Shareholders as a whole and whether the terms of the Supplemental Agreements, the Revised Caps and the New Caps are fair and reasonable so far as the Company and the Shareholders are concerned.

Celestial Capital has been appointed by the Company to advise us and the Shareholders as to whether the terms of the Supplemental Agreements, the Revised Caps and the New Caps are fair and reasonable so far as the Company and the Shareholders are concerned. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 14 to 26 of the Circular.

Your attention is also drawn to the “Letter from the Board” set out on pages 4 to 11 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Supplemental Agreements, the Revised Caps, the New Caps and the advice of Celestial Capital, we consider that the terms of the Supplemental Agreements, the Revised Caps and the New Caps are fair and reasonable as far as the Company and the Shareholders are concerned and that they are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM attached to the Circular to approve the terms of the Supplemental Agreements, the Revised Caps and the New Caps.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. WONG Wing Kuen, Albert
Independent Non-executive Director

Ms. FU Shuangye
Independent Non-executive Director

Dr. LIN Wen
Independent Non-executive Director

Mr. ZHANG Chun
Independent Non-executive Director

LETTER FROM CELESTIAL CAPITAL

The following is the full text of the letter of advice from Celestial Capital to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation in this circular.



Celestial Capital Limited

21/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central, Hong Kong
Tel: (852) 2287 8788
Fax: (852) 2169 0110

12 June 2008

The Independent Board Committee
Solargiga Energy Holdings Limited
Rooms 4001-06, Office Tower
Convention Plaza
No. 1 Harbour Road
Hong Kong

Dear Sirs,

REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Supplemental Agreements, the Revised Caps and the New Caps, details of which are set out in the "Letter from the Board" on pages 4 to 11 of the circular of the Company dated 12 June 2008 (the "Circular") to the Shareholders, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless context otherwise requires.

Reference is made to the announcement of the Company dated 4 June 2008. On 4 June 2008, the Company entered into the WWX Supplemental Sale Agreement and WWX Supplemental Supply Agreement with WWX for the purposes of (i) revising the annual caps for the transactions under the WWX Sale Agreement and WWX Supply Agreement for the years ending 31 December 2008 and 2009; and (ii) extending the duration of the transactions under the WWX Sale Agreement and WWX Supply Agreement to the year ending 31 December 2010 and setting the annual caps for the year ending 31 December 2010.

LETTER FROM CELESTIAL CAPITAL

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules to the Revised Caps and the New Caps exceed 2.5%, the transactions contemplated under the Supplemental Agreements (the “Transactions”) constitute non-exempt continuing connected transactions for the Company under the Listing Rules. The Supplemental Agreements, the Revised Caps and the New Caps are subject to the announcement, reporting and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Ms. Fu Shuangye, Dr. Lin Wen, Mr. Wong Wing Kuen, Albert and Mr. Zhang Chun, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Supplemental Agreements, the Revised Caps and the New Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. In this regard, we have been appointed as the independent financial adviser to advise the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee in relation to the terms of the Supplemental Agreements, the Revised Caps and the New Caps, we have relied on the information, facts and representations provided by, and the opinions expressed by the Directors and management of the Company and its subsidiaries. We have also relied on the information, facts and representations contained or referred to in the Circular and have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have also assumed that all statements of beliefs, and opinions made by the Directors in the Circular were reasonably made after due enquiry and the expectations and intentions made by the Directors and management of the Company and its subsidiaries will be met or carried out as the case may be. We consider that we have reviewed sufficient information on which to form a reasonable basis for our opinion and have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM CELESTIAL CAPITAL

We have relied on such information and opinions and have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

This letter is issued for the information for the Independent Board Committee solely in connection with their consideration of the terms of the Supplemental Agreements, the Revised Caps and the New Caps. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the terms of the Supplemental Agreements, the Revised Caps and the New Caps, we have considered the principal reasons and factors set out as follows:

Background of and the reasons for the continuing connected transactions

Reference is made to the waiver granted by the Stock Exchange from, among others, strict compliance with the announcement, reporting and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules at the time of the listing of the Company's shares on the Main Board of the Stock Exchange for the transactions under the WWX Sales Agreement and the WWX Supply Agreement. Details of the waiver and the related transactions were set out in the Company's prospectus dated 17 March 2008.

The WWX Sale Agreement related to the sales of Solar Products by the Group to WWX Group. The WWX Supply Agreement related to the supply of Solar Raw Materials by WWX Group to the Group.

The existing annual caps in respect of the WWX Sale Agreement and the WWX Supply Agreement for each of the years ending 31 December 2008 and 2009 are set out in the table below.

	Existing annual caps for the year ending 31 December	
	2008 (RMB'000)	2009 (RMB'000)
Solar Products	190,692	239,815
Solar Raw Materials	87,024	102,728

LETTER FROM CELESTIAL CAPITAL

Due to the increase in the Group's ingot and wafer production capacity, the corresponding increase in demand for Solar Products, and the increasingly severe global shortage of, raw materials for the production, polysilicon, the Directors currently anticipate that the existing annual caps under WWX Sale Agreement and WWX Supply Agreement will not be sufficient for the years ending 31 December 2008 and 2009.

On 4 June 2008, the Company entered into the WWX Supplemental Sale Agreement and WWX Supplemental Supply Agreement with WWX for the purposes of (i) revising the annual caps for the transactions under the WWX Sale Agreement and WWX Supply Agreement for the years ending 31 December 2008 and 2009; and (ii) extending the duration of the transactions under the WWX Sale Agreement and WWX Supply Agreement to the year ending 31 December 2010 and setting the annual caps for the year ending 31 December 2010.

Principal Terms of the Supplemental Agreements

The Group is principally engaged in the manufacture of monocrystalline silicon ingots and wafers and the recycling and processing of scrap polysilicon. Silicon ingots and wafers are used for the manufacturing of PV cells, which are important components of solar energy generation systems. It is considered that entering into the Supplemental Agreements is consistent with the commercial objectives of the Group and falls within the core business of the Group.

The Company has confirmed that since the execution and approval of the WWX Sale Agreement and WWX Supply Agreement, the Transactions have been carried out according to the terms of these agreements. Save for the revision to the annual caps for the years ending 31 December 2008 and 2009 and the setting of the annual caps for the year ending 31 December 2010, all other terms and conditions of the Supplemental Agreements remain unchanged. It was set out in the Supplemental Agreements that the Company and WWX have agreed that, inter alia:

- (a) each Transaction will be conducted (i) in the ordinary and usual course of the business of the Group and (ii) on normal commercial terms and on terms to the Group no less favorable than terms available to or from independent third parties. The purchase price payable by WWX to the Group will be determined with reference to the prevailing market price of the Solar Products. The purchase price payable by the Group to WWX will be determined based on the Group's purchase quantity of Solar Raw Materials and the prevailing market price of the Solar Raw Materials in the PRC; and
- (b) WWX will provide the Company and its auditors with full access to its relevant records during their course of review of the Transactions, for the Company to comply with the applicable laws in Hong Kong, the Listing Rules and the disclosures requirements under the Listing Rules in relation to the Transactions.

LETTER FROM CELESTIAL CAPITAL

Save as the above and after our discussion with the management of the Company, we understood that (i) the Directors would also make their best endeavors to ensure that the Transactions would be entered into on terms to the Group no less favorable than terms available to or from independent third parties; and (ii) the Company ensures that the Transactions would be reviewed by independent non-executive Directors and auditors annually. Based on the foregoing, we are of the view that the terms of the Supplemental Agreements and the Transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Revised Caps and the New Caps

Set out below are the Revised Caps for the years ending 31 December 2008 and 2009 and the New Caps for the year ending 31 December 2010:

	Revised annual caps for the year ending 31 December		New annual caps for the year ending 31 December
	2008	2009	2010
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Solar Raw Materials	391,432	675,854	790,749
Year on year increase (%)	–	72.7%	17.0%
 Solar Products	 288,439	 361,556	 423,021
Year on year increase (%)	–	25.3%	17.0%

As stated in the letter from the Board, the Revised Solar Raw Materials Caps and the New Solar Raw Materials Caps have been determined with reference to (a) the relevant historical figures for the four months ended 30 April 2008; (b) the estimated market supply conditions and market pricing for Solar Raw Materials; (c) the estimated growth and development of the business of the Group in light of the economic growth in the PRC; and (d) the existing and planned expansion of the scale of operations and production capacity of the Group's business in the PRC.

The Revised Solar Products Caps and the New Solar Products Caps have been determined with reference to: (a) the relevant historical figures for the four months ended 30 April 2008; (b) the estimated growth and development of the business of the Group in light of the economic growth in the PRC; (c) the estimated market demand and market pricing of Solar Products; (d) estimated quantity of Solar Products to be purchased by WWX; and (e) the existing and planned expansion of the scale of operations and production capacity of the Group's business in the PRC.

LETTER FROM CELESTIAL CAPITAL

Reasons and basis for determining the Revised Caps and the New Caps

We have reviewed the relevant information provided by the Company and have discussed with the management of the Company on the basis of determining the Revised Caps and the New Caps and formed our opinion as below.

Revised Solar Raw Materials Caps and New Solar Raw Materials Cap under the WWX Supplemental Supply Agreement

With the historical amount for the Solar Raw Materials purchased by the Company from WWX for the four months ended 30 April 2008 at approximately RMB74,626,000, and the expected increase in demand for Solar Raw Materials due to the Company's anticipated growth in ingot and wafer production capacity, the Company estimates that the amount of Solar Raw Materials it would require from WWX for the period from May to December 2008 would be approximately RMB316,806,000, which is 4.25 times the amount purchased during the period from January to April 2008.

The table below sets out the amount of purchases from WWX for the four months ended 30 April 2008 and the utilization rate of the transactions to the existing annual cap for the year ending 31 December 2008:

	Existing annual cap for the year ending 30 April 2008 (RMB'000)	Existing annual cap for the year ending 31 December 2008 (RMB'000)	Utilization rate to the existing annual cap for the year ending 31 December 2008 (%)
Solar Raw Materials	74,626	87,024	85.8%

As illustrated on the table above, we noted that the Group has substantially utilized the existing annual cap previously granted for the purchases from WWX, determined by dividing the actual transaction amounts with the existing annual cap for the year ending 31 December 2008, amounted to approximately 85.8%. The Company believes that it is for the benefit of the Group to continue purchases the Solar Raw Materials from WWX to ensure a stable supply, therefore, the unutilized amount of the existing annual cap will not be sufficient for the projected purchases from WWX for the period from May to December 2008.

LETTER FROM CELESTIAL CAPITAL

The Company has confirmed that the major reason for the Company to revise the annual caps under the WWX Supplemental Supply Agreement with WWX is that the global supply situation for polysilicon, the major raw materials of the Group, has worsened. The continued severe global shortage has resulted in soaring prices in polysilicon, which have made it increasingly difficult for the Company to source such materials from the market at competitive prices. Since the end of 2007, the market price for polysilicon has increased substantially. The Company expects the upward pressure on the prices of Solar Raw Materials to continue unabated through 2009 but will slightly decrease in 2010 as the Company expects that the global supply of polysilicon will then become more stable.

Given the recent increase in polysilicon prices and the increased difficulty of obtaining Solar Raw Materials supply from the market at competitive prices, the Company needs to work more closely with parties with whom the Group has established good working relationships, in order to ensure a steady supply of Solar Raw Materials. WWX, being a leading player in the semi-conductor products manufacturing industry, has been successful in securing additional supply of Solar Raw Materials to the Group in the current difficult global supply situations at prices significantly lower than prevailing market prices. As a result of this, the Group purchased more than previously expected Solar Raw Materials from WWX during the four months ended 30 April 2008.

The table below sets out the historical purchases of Solar Raw Materials from WWX for the four months ended 30 April 2008 and the estimated purchase price and quantity to be sourced by the Group from WWX for the three years ending 31 December 2010 based on the anticipated expansion of the production capacity of the Group.

	For the four months ended 30 April 2008 Actual	For the eight months ending 31 December 2008 Estimated	For the year ending 31 December		
			2008 Estimated	2009 Estimated	2010 Estimated
Quantity:					
Polysilicon (<i>kg</i>)	68,982	206,946	275,928	441,485	573,930
Broken wafer (<i>pieces</i>)	11,593	34,779	46,372	74,195	96,454
Average unit price:					
Polysilicon (<i>RMB/kg</i>)	1,075	1,527	1,414	1,527	1,374
Broken wafer (<i>RMB/piece</i>)	43	23	28	23	21

LETTER FROM CELESTIAL CAPITAL

Quantity of Solar Raw Materials to be sourced from WWX

We noted that the projected quantity of purchases from WWX for the eight months ending 31 December 2008 is 3 times the actual quantity for the four months ended 30 April 2008. We are advised by the Company that it was primarily attributable to the followings:

- (a) as stated in the Company's 2007 annual report dated 24 April 2008, the Group's total estimated production capacity is expected to be double by the end of June 2008. The machinery for doubling the Group's production capacity will be delivered by the end of June 2008. The numbers of pullers for ingot production will increase from 100 to 196, the corresponding ingot production capacity of the Group will therefore increase from the current level of 1,000 tons to 2,000 tons of ingots per annum. The numbers of wafer wiresaws for wafer production will also increase from 8 to 24, the corresponding wafer production capacity will increase from the current level of 17 million pieces to 48 million pieces per annum, the numbers of wafer wiresaws will further increase to 37 by the end of 2008, and the wafer production capacity will further increase to 56 million pieces per annum. We have also obtained and reviewed the board minutes of the Company in which the Directors approved the contents of the Company's 2007 annual report, including the expansion in the Group's production capacity;
- (b) according to certain market research reports and articles, there has been a shortage of polysilicon in the past years and resulted in a supply-demand gap, which is speculated to continue till 2010 when more supply of polysilicon is expected to be available. It is also predicted that there is a robust demand (and in an increasing trend) for Solar Products in the downstream companies where Solar Products are used for the production of solar cells and panels, etc. Increase in production capacity of solar cells and panels by downstream companies appears to be faster than that of Solar Raw Materials and consequently, the supply of Solar Raw Materials are likely to be absorbed as long as the end demand prospects appear robust. We have also reviewed the actual sales of the Company for the five months ended 31 May 2008 and the upcoming sales orders of the Company for the year ending 31 December 2008 based on the information provided by the Company, the amount of increase in purchase of raw materials is also in an increasing trend as with the sales trend of the Company. The Company believes that the demand of Solar Products is expected to be sufficient in the coming years to support the significant purchase of raw materials by the Group; and

LETTER FROM CELESTIAL CAPITAL

- (c) the Company would like to continue sourcing Solar Raw Materials from WWX. With the assistance of WWX, the Group is able to ensure a more stable supply of Solar Raw Materials for its production, particularly in the continued severe global shortage environment. We have reviewed the amount of purchases from WWX for the four months ended 30 April 2008 and the second half of 2007 and noted that the purchases from WWX has increased from approximately 18.4% to 33.5% of the total purchases of Solar Raw Materials by the Group during the periods respectively. The Company expects that the purchases from WWX for the year ending 31 December 2008 will increase to approximately 39.6% of the total purchases of Solar Raw Materials by the Group, but expects that the Group's degree of reliance on WWX to decrease since then. As the Company expects that it will be able to source more Solar Raw Materials from third party suppliers when the global supply of Solar Raw Materials becomes more stable, the purchases from WWX for each of the year ending 31 December 2009 and 2010 will be approximately 26.8% and 21.9%, respectively, of the total purchases of Solar Raw Materials by the Group.

The increase in the projected quantity of purchases from WWX for the years ending 31 December 2009 and 2010 are approximately 60% and 30% of that for the years ending 31 December 2008 and 2009 respectively. As the Group's annual ingot and wafer production capacity are expected to increase to 4,000 tons and 150 million pieces respectively by the end of 2009, the Company expects the increase in its production capacity will increase its demand for Solar Raw Materials significantly in 2009 and 2010. On the basis of the above, we are of the view that the projected sourcing quantity of Solar Raw Materials for the three years ending 31 December 2010 is reasonable.

Prices of Solar Raw Materials to be sourced from WWX

We have reviewed the analysis of the average unit purchase price of Solar Raw Materials and the purchase invoices of the Group from third parties and WWX respectively provided by the Company and noted that the average unit purchase price of Solar Raw Materials from third parties has increased substantially by approximately USD100 since January 2008 up to May 2008. While the average unit price for purchases from WWX has only increased by approximately USD62 during the same period of time. The price-increasing trend experienced by the Group is in line with the trend in market due to the shortage of polysilicon supply reported by various news articles and the forecast of the research reports. The Company expects that the projected average unit price for purchases from WWX for the eight months ending 31 December 2008 will be similar to current level.

The Company expects the upward pressure on the prices of Solar Raw Materials to continue unabated through 2009 but will slightly decrease in 2010 as the Company expects that the global supply of polysilicon will then become more stable. The Company expects that the average unit price of Solar Raw Materials will drop by around 10% in the year 2010 as compared to that in the year 2009.

LETTER FROM CELESTIAL CAPITAL

The Company has advised us that for the four months ended 30 April 2008, the prices of the Solar Raw Materials supplied by WWX to the Group were at a discount from a range of approximately 26% to 45% as compared to the prices of those raw materials supplied by third party suppliers during the four months ended 30 April 2008. As the purchase prices of Solar Raw Materials supplied by WWX is at a significant discount to those offered by independent third parties, we are of the view that the terms of purchases from WWX are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Revised Solar Products Caps and New Solar Products Cap under the WWX Supplemental Sale Agreement

With the historical amount for the Solar Products supplied by the Company to WWX for the four months ended 30 April 2008 at approximately RMB72,140,000, and the anticipated growth in the Company's ingot and wafer production capacity, the Company estimates that the amount of Solar Products it can supply to WWX for the period from May to December 2008 would be approximately RMB216,299,000 which is 3 times the amount supplied from January to April 2008.

The table below sets out the amount of sales to WWX for the four months ended 30 April 2008 and the utilization rate of the transactions to the existing annual cap for the year ending 31 December 2008:

	Four months ended 30 April 2008 (RMB'000)	Existing annual cap for the year ending 31 December 2008 (RMB'000)	Utilization rate to the existing annual cap for the year ending 31 December 2008 (%)
Solar Products	72,140	190,692	37.8%

As shown in the table above, we noted that the Group has utilized approximately 37.8% of the existing annual cap previously granted for the sales to WWX, determined by dividing the actual transaction amount with the existing annual cap for the year ending 31 December 2008.

WWX is not only a customer but also a supplier of the Group. When determining the annual caps of the sales to WWX, the Company needs to take into account the Group's overall Solar Raw Materials and Solar Products arrangements with WWX. WWX has great demand for Solar Products and has the supplier-cum-customer relationship with the Group, part of the Solar Raw Materials purchased from WWX are for the production of Solar Products to be sold to WWX. Accordingly, the Company expects that the projected sales to WWX for the period from May to December 2008 will increase as a result of the increase in purchases of Solar Raw Materials from WWX and the existing annual cap will not be sufficient for the Group.

LETTER FROM CELESTIAL CAPITAL

The robust market demand for Solar Products is also a key reason for the Company to enter into the WWX Supplemental Sale Agreement. The Directors are of the view that the expected doubling of the Group's ingot production capacity in 2009, coupled with the robust market demand for Solar Products and high market prices, would increase the amount of Solar Products that the Group can supply to WWX in 2009 and 2010.

The table below sets out the historical sales of Solar Products to WWX for the four months ended 30 April 2008 and the estimated selling price and quantity to be sold by the Group to WWX for the three years ending 31 December 2010 based on the anticipated expansion of the production capacity of the Group.

	For the four months ended 30 April 2008 Actual	For the eight months ending 31 December 2008 Estimated	For the year ending 31 December		
			2008 Estimated	2009 Estimated	2010 Estimated
Quantity:					
Ingot (kg)	22,697	79,440	102,137	132,777	172,611
Wafer (pieces)	300,000	1,050,000	1,350,000	1,755,000	2,281,500
Average unit price:					
Ingot (RMB/kg)	1,762	2,036	1,975	2,036	1,832
Wafer (RMB/piece)	52	52	52	52	47

Quantity of Solar Products to be sold to WWX

We noted that the rate of increase in the projected quantity of sales to WWX for the eight months ending 31 December 2008 is 3.5 times of that for the four months ended 30 April 2008. And the rate of increase in the projected quantity of sales to WWX for each of the years ending 31 December 2009 and 2010 is approximately 30%. We are advised by the Company that it is mainly due to the followings:

- (a) the expansion of the Group's total estimated production capacity as set out in the sub-section headed "Revised Solar Raw Materials Caps and New Solar Raw Materials Caps under the WWX Supplemental Supply Agreement" above;
- (b) the expected robust demand of Solar Products as set out in the sub-section headed "Revised Solar Raw Materials Caps and New Solar Raw Materials Caps under the WWX Supplemental Supply Agreement" above; and

LETTER FROM CELESTIAL CAPITAL

- (c) WWX is one of the supplier-cum-customer of the Group, part of the Solar Raw Materials purchased from WWX are for the production of Solar Products to be sold to WWX. Accordingly, the Company expects that the projected sales to WWX for the period from May to December 2008 and the years ending 31 December 2009 and 2010 will increase as a result of the increase in purchases of Solar Raw Materials from WWX. We have reviewed the amounts of sales to WWX for the four months ended 30 April 2008 and the second half of 2007 and noted that the sales to WWX as a percentage of the total sales of the Group for the periods has increased by approximately 6%. As in line with the decreasing trend of percentages of purchases from WWX, the Company expects that the percentage of sales to WWX for each of the years ending 31 December 2008, 2009 and 2010 will also decrease.

Based on the above, we are of the view that the projected sale quantities of Solar Products for the three years ending 31 December 2010 are reasonable.

Prices of Solar Products to be sold to WWX

We have reviewed the analysis of the average unit selling price of Solar Products and the sale invoices to third parties and WWX by the Group respectively provided by the Company and noted that the average unit selling price of Solar Products to third parties has increased by approximately 28.3% since January 2008 up to May 2008. The projected average selling price for sales to WWX for the eight months ending 31 December 2008 increases by approximately 16% as compared to that for the four months ended 30 April 2008.

Given that the market price of Solar Products have increased substantially since the end of 2007, and that the price of Solar Products are determined largely with reference to current market prices, the Company's annual caps for Solar Products would be insufficient even if the average quantity of Solar Products supplied to WWX remains unchanged.

Similar to the purchases arrangements with WWX, the Company advised us that the selling prices of the Solar Products sold to WWX were also at a discount from a range of approximately 23.4% to 37.2% as compared to the prices of those products sold to third party customers during the four months ended 30 April 2008.

The Company considers the discount offered to WWX as being essential, after taking into account the great demand for Solar Products by, and good credit record of, WWX. The most important reason for offering the discount is that it enables the Group to strengthen the business relationship with WWX and ensure the Group of a steady supply of Solar Raw Materials.

LETTER FROM CELESTIAL CAPITAL

In order to assess its fairness and reasonableness, we have reviewed the gross profit analysis for the four months ended 30 April 2008 provided by the Company and noted that gross profits were recorded for both of the sales to WWX and third party customers. The gross profit margins for sales of ingots to WWX were within the range of gross profit margins for sales of ingots to third party customers. Therefore, we concur with the Company's view and consider that the terms of sales to WWX are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Due to the huge demand of the ingots and wafers, the increasing price of the raw materials and the intended expansion of the Company's production capacity, we are of the view that the purchase amounts from WWX and the sales amounts to WWX will increase in the future years and larger caps are necessary to cater for such an increase. Hence, we are of the view that the basis for determining the Revised Caps for the years ending 31 December 2008 and 2009 and the New Caps for the year ending 31 December 2010 is fair and reasonable so far as the Independent Shareholders are concerned.

CONCLUSION

Having considered the above principal reasons and factors, we are of the view that the Supplemental Agreements and the Transactions are on normal commercial terms and are in the ordinary and usual course of business of the Group. Moreover, we are of the view that the Supplemental Agreements, the Revised Caps and the New Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favor of the resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Celestial Capital Limited
Benson Chan
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading insofar as it relates to the Company.

2. DISCLOSURE OF INTERESTS

(I) Interest and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature of interest	Number of shares held (Note 1)	Approximate percentage of holding (%)
Mr. TAN Wenhua ("Mr. TAN") (Note 4)	Beneficial Interest	471,910,500(L)	27.90%
	Interest in an option	31,036,000(L)	1.84%
	Security interest	17,352,500(L)	1.03%
Mr. CHONG Kin Ngai ("Mr. CHONG") (Note 2)	Interest of controlled corporation	98,464,500(L)	5.83%
	Personal interest	1,254,500(L)	0.07%
	Trustee's interest	34,814,000(L)	2.06%

Name of Director	Nature of interest	Number of shares held (Note 1)	Approximate percentage of holding (%)
Mr. HSU You Yuan (Note 4)	Beneficial Interest	9,293,500(L)	0.55%
	Interest in an option	19,219,500(L)	1.14%
	Security interest	5,840,500(L)	0.35%
Mr. CHIAO Ping Hai (Note 4)	Beneficial Interest	3,135,500(L)	0.19%
	Interest in an option	31,158,000(L)	1.84%
	Security interest	11,621,000(L)	0.69%
Ms. ZHANG Liming (Note 3)	Beneficial Interest	3,133,500(L)	0.19%

Notes:

- (1) The letter “L” denotes the person’s long position in such securities and the letter “S” denotes the person’s short position in such securities.
- (2) Mr. CHONG is interested in an aggregate of 99,719,000 shares, of which 1,254,500 shares is directly held by Mr. CHONG, 82,617,000 shares is held by Prosperity Electric Corporation (“PEC”) and 15,847,500 shares is held by Prosperity Lamps & Components Limited (“PLC”) PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited and as to 30% by SAM Wai Keung, a director of Jinzhou Huachang Silicon Materials Co., Ltd. and 5% by an independent third party. Both PEC and Leigh Company Limited are wholly-owned by Mr. CHONG.

34,814,000 Shares were held by Mr. CHONG in trust for, among others, certain employees and consultants of Solar Technology Investment (Cayman) Corp. and its subsidiaries (the “Acquired Group”). Mr. CHONG was entrusted to exercise voting rights and hold the dividends and other distributions made in respect of the relevant Shares in trust for these employees and the 2 consultants (if any) to the extent the relevant Shares remain subject to a lock-up period.
- (3) Ms. ZHANG Liming’s 3,133,500 Shares were registered in the name of Mr. CHONG as trustee who is entrusted to exercise voting rights and hold the dividends and other distributions made in respect of the relevant Shares in trust for, among others, certain employees and consultants of the Acquired Group (if any) to the extent the relevant Shares remain subject to a lock-up period.
- (4) Mr. TAN Wen Hua, Mr. HSU You Yuan and Mr. CHIAO Ping Hai are entitled to buy back the Shares of the relevant senior management, employees and consultants in the event that any of them cease to be employed or engaged within 4 years after the Listing. These directors also have security interest in these Shares pursuant to a share charge granted by the relevant employees and consultants to secure their obligations to pay for the purchase price of the Shares and their obligations to comply with the relevant regulatory requirements to which they are subject to (if any).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors of the Company or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

(II) Interest and short positions of substantial shareholders in shares, underlying shares and debentures

As at the Latest Practicable Date, so far as is known to any Directors of the Company, the following persons have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity	Number of shares held	Percentage of shareholding (%)
Wafer Works Investment Corp. (“ WWIC ”)	Beneficial owner	358,364,000(L) (<i>Note 1</i>)	21.2%
Wafer Works Corp. (“ WWX ”) (<i>Note 2</i>)	Interest of a controlled corporation	358,364,000(L)	21.2%
Space Energy Corporation	Beneficial owner	144,978,500(L)	8.57%
Toshinao Nimura (<i>Note 3</i>)	Interest of a controlled corporation	144,978,500(L)	8.57%
Jean Salata	Interest of a controlled corporation	114,614,000(L)	6.78%
Baring Private Equity Asia GP IV Limited	Interest of a controlled corporation	114,614,000(L)	6.78%
Baring Private Equity Asia GP IV, L.P.	Interest of a controlled corporation	114,614,000(L)	6.78%

Name	Capacity	Number of shares held	Percentage of shareholding (%)
The Baring Asia Private Equity Fund IV, L.P.	Interest of a controlled corporation	114,614,000(L)	6.78%
Baring Private Equity Asia IV Holding (6) Limited	Beneficial interest	114,614,000(L)	6.78%

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. WWIC is wholly-owned by WWX. By virtue of the SFO, WWX is deemed to be interested in the Shares held by WWIC.
3. Toshinao Nimura was interested in approximately 34.22% of the issued share capital of Space Energy Corporation as at the Latest Practicable Date.

Save as disclosed above, the Directors of the Company were not aware that there was any person (other than a Director of the Company) who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options, in respect of such capital.

3. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse changes in the financial and trading position of the Group since 31 December 2007, the date of which the latest audited financial statements of the Group were made up.

4. DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESSES

Mr. TAN Wenhua ("**Mr. TAN**"), Mr. HSU You Yuan ("**Mr. HSU**"), being the Executive Directors, and Mr. CHONG Kin Ngai ("**Mr. CHONG**") and Mr. CHIAO Ping Hai ("**Mr. Chiao**"), being the non-executive Directors, are interested in other related businesses, particulars of which are set out below:

Mr. TAN

Mr. TAN is interested in 53% interest in 錦州華昌光伏科技有限公司 (Jinzhou Huachang Guangfu Technology Co., Ltd.*) ("**Huachang Guangfu**") and 40% interest in Jinzhou Changhua. Huachang Guangfu is engaged in the manufacturing of PV and solar cells.

* For identification purpose only

Jinzhou Changhua is engaged in the manufacturing of graphite and graphite related products. The businesses of Huachang Guangfu and Jinzhou Changhua do not compete with that of the Group. Huachang Guangfu, being a manufacturer of PV and solar cells, or some other materials (not being polysilicon), is a downstream company because PV and solar cells are made from wafers, which the Group manufactures. Huachang Guangfu does not manufacture any polysilicon, ingots or wafers. On the other hand, Jinzhou Changhua, as a company which manufactures graphite, is also not a competitor of the Group because (a) the Group is not engaged in the manufacture of graphite or any graphite related products; and (b) graphite is not a substitute for, or alternative raw material to, polysilicon in the manufacture of solar related products.

Mr. HSU

Mr. HSU has a direct interest in WWX and an indirect interest in Helitek Company Ltd., which is a subsidiary of WWX. Mr. HSU also has an indirect interest in Neo Solar Power Corp. Both WWX and Helitek Company Ltd. are engaged in the semi-conductor industry. WWX's scope of business includes the manufacture of silicon wafers for the semi-conductor industry, and Helitek Company Ltd. is involved in the sale of such silicon wafers in the USA whereas the Group is engaged in the manufacture of solar wafers.

Although polysilicon is the basic raw material used in the production of semiconductors and solar cells or solar-related products, the quality and purity level of the polysilicon required for the production of semiconductors is higher than that required for the production of solar cells or solar-related products. Even though WWX manufactures silicon wafers by using polysilicon, it is not a competitor to the Group because it would not be cost effective for solar product manufacturers to use costly semi-conductor grade polysilicon or silicon wafers to manufacture solar products. Besides, Neo Solar Power Corp., as a manufacturer of solar cells, uses wafers or other materials (not being polysilicon) as a raw material.

Neo Solar Power Corp. is a downstream company, since it uses the products that the Group manufactures. Thus, Neo Solar Power Corp. is not a competitor of the Group.

Mr. CHIAO

Mr. CHIAO has interests in WWX, 上海合晶硅材料有限公司 (Wafer Works (Shanghai) Corp*) and Wafer Works Epitaxial Corp. These three companies are all engaged in the business of manufacturing silicon wafers used in the semiconductor industry. Mr. CHIAO also has indirect interests in Helitek Company Ltd. and Heli-Vantech, Inc., both of which are engaged in the trading of silicon wafers used in the manufacture of semiconductors. As explained above, the semiconductor industry is

* For identification purpose only

different from that of the solar technology industry; thus, WWX, 上海合晶硅材料有限公司 (Wafer Works (Shanghai) Corp*), and Wafer Works Epitaxial Corp., Helitek Company Ltd., and Heli-Vantech, Inc., are not engaged in any competing business of the Group.

Mr. CHONG

Like Mr. TAN, Mr. CHONG holds interest in Huachang Guangfu and Jinzhou Changhua. Huachang Guangfu is engaged in the manufacture of PV and solar cells, Jinzhou Changhua is engaged in the manufacture of graphite and graphite related products. As explained above, Huachang Guangfu and Jinzhou Changhua are not competitors of the Company, as the Company, Huachang Guangfu and Jinzhou Changhua are engaged in different industries. Mr. CHONG also holds an interest in Jinzhou Youxin, which is principally engaged in the trading of quartz crucibles.

Jinzhou Youxin is not a competitor to the Group because (a) quartz crucibles is an auxiliary raw material for the manufacture of polysilicon products which the Group manufactures. Jinzhou Youxin, being in the business of trading quartz crucibles, is an upstream company which supplies auxiliary raw materials to the Group; and (b) Jinzhou Youxin does not manufacture any polysilicon or polysilicon related products.

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of Group since 31 December 2007, the date of which the latest audited financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Directors is interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Company.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

* For identification purpose only

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. EXPERT'S QUALIFICATION AND CONSENT

Celestial Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Celestial Capital	a licensed corporation to carry out Types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, Celestial Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2007, the date to which the latest audited financial statements of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands) demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) by any Director or Directors, who, individually or collectively, hold proxies in respect of shares representing five per cent or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

12. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1 – 1111, Cayman Islands.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Rooms 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary and the qualified accountant of the Company is Mr. Tong Wan Sze, a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.
- (d) The auditors of the Company is KPMG of 8/F., Prince's Building, 10 Chater Road, Central, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Rooms 4001 – 06, Office Tower, Convention Plaza, No. 1 Harbour Road, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Memorandum of Association and the Articles of Association of the Company;

- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 12 and 13 of this circular;
- (c) the Letter from Celestial Capital, the text of which is set out on pages 14 to 26 of this circular;
- (d) the written consent from Celestial Capital referred to in the paragraph headed “Expert’s Qualification and Consent” in this Appendix; and
- (e) the Supplemental Agreements.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Solargiga Energy

Solargiga Energy Holdings Limited 陽光能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 757)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Solargiga Energy Holdings Limited (the “**Company**”) will be held at Mckinley Room, Pacific Place Conference Centre, 5/F. One Pacific Place, 88 Queensway, Hong Kong on 27 June 2008 at 9:30 a.m. for the purpose of considering, and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the supplemental framework sale agreement (the “**WWX Supplemental Sale Agreement**”) dated 4 June 2008 entered into between the Company and WWX Works Corp. (“**WWX**”) to increase the annual caps for the transactions under the WWX Sale Agreement dated 12 January 2008 between the Company and WWX to RMB288,439,000 and RMB361,556,000 for the two years ending 31 December 2008 and 2009, respectively, and to set the annual caps of RMB423,021,000 for the year ending 31 December 2010, be and is hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to execute the WWX Supplemental Sale Agreement and to do all such things and take all other steps which, in his/her opinion, may be necessary or desirable in connection with the WWX Supplemental Sale Agreement, including without limitation, approving and signing any other documents in connection with the WWX Supplemental Sale Agreement.”

2. “**THAT**

- (a) the supplemental framework supply agreement (the “**WWX Supplemental Supply Agreement**”) dated 4 June 2008 entered into between the Company and WWX to increase the annual caps for the transactions under the WWX Supply Agreement dated 12 January 2008 between the Company and WWX to RMB391,432,000 and RMB675,854,000 for the two years ending 31 December 2008 and 2009, respectively, and to set the annual caps of RMB790,749,000 for the year ending 31 December 2010, be and is hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) any one director of the Company be and is hereby authorised to execute the WWX Supplemental Supply Agreement and to do all such things and take all other steps which, in his/her opinion, may be necessary or desirable in connection with the WWX Supplemental Supply Agreement, including without limitation, approving and signing any other documents in connection with the WWX Supplemental Supply Agreement.”

By Order of the Board
Hsu You Yuan
Director

Hong Kong, 12 June 2008

Notes:

1. Any member of the Company entitled to attend and vote at the meeting of the Company by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notary certified copy of such power or authority must be delivered to the office of Computershare Hong Kong Investor Services Limited, Rooms 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. The votes to be taken at the meeting of the Company by the above notice will be taken by poll. As at the date of this notice, the Board comprises Mr. TAN Wenhua, Mr. HSU You Yuan, Ms. ZHANG Liming as Executive Directors of the Company, Mr. CHIAO Ping Hai and Mr. CHONG Kin Ngai as Non-executive Directors of the Company and Mr. WONG Wing Kuen, Albert, Ms. FU Shuangye, Dr. LIN Wen and Mr. ZHANG Chun as Independent non-executive Directors of the Company.